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CENTRAL INTELLIGENCE AGENCY

3 May 1954

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Annex to NSC Planning Board Paper, dated 5 April 1954, designated "NSC Action No. 1074-a"

1. We have reviewed the IAC memorandum dated 6 April 1954, commenting on the Annex to NSC Planning Board Paper, 5 April 1954, designated "NSC ACTION NO. 1074-a".
2. The most important comments in the IAC memorandum relate to paragraphs 23b and 23c of the Annex and deal with the Chinese Communist reaction to an impending defeat of the Viet Minh field forces as a result of US participation in the fighting in Indochina. The CIA position there stated was that "the chances are better than even that the Chinese Communists would not openly intervene in Indochina, even if they believed that failure to intervene would mean the defeat at that time of the Viet Minh field forces in Indochina." The JIG concurred in the CIA view; OIR, G-2, AFOIN, and ONI took the position that the chances are better than even that the Communists would accept the risk involved and that the Chinese Communists would intervene openly and in force in an effort to save the Communist position in Indochina.

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3. The reasoning behind the CIA estimate of Chinese Communist reaction was set forth at some length in SE-53, the most important points being:

- a. There would be a grave risk of US reprisals against Communist China and possibly of general war.
- b. Indochina is remote from the USSR and the centers of power in Communist China. Accordingly, the establishment of a strong US position in Indochina would not constitute, to the same degree as in Korea, a threat to Chinese Communist and Soviet power in the Far East.
- c. The military and political nature of the Indochina war is such that even if the US defeated the Viet Minh field forces, guerrilla action could probably be continued indefinitely and preclude the establishment of complete non-Communist control over that area.

4. The following recent developments are relevant to the problem of Chinese Communist reactions:

- a. On 21 April the official Peiping People's Daily stated that the "Chinese people advocate peace and oppose war, but, faced with armed aggression, they

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will certainly not refrain from doing something about it..." The leading article of the paper made the same point.

- b. Chou En-lai's opening speech at Geneva on 28 April stated that the Chinese "most emphatically will not tolerate aggression made against us by any country." Chou made two related points: that the Korean war had shown that "any foreign invasion of a country whose people have awakened will inevitably suffer defeat," and that the United States, "further intervening" in Indochina and plotting the organization of "so-called defense communities" in the Far East, is looking toward a "new world war."
- c. The Communists will have noted the lack of enthusiasm in Europe and in Asia for the US proposals concerning "united action" with respect to Indochina.
- d. The Communists will also have noted widespread opposition in the US to the commitment of US forces in Indochina.

5. While we recognize that the above Chinese Communist statements are less menacing than Peiping's statements prior to

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Chinese Communist intervention in Korea in 1950, we nevertheless believe that in light of the developments listed in paragraph 4, the earlier CIA estimate should be slightly modified. We believe that it should read: "the chances are about even that the Chinese Communists would openly intervene in Indochina, if they believed that failure to intervene would mean the defeat at that time of the Viet Minh field forces." We still believe, however, that until such time as the Viet Minh field forces are threatened with defeat, the Chinese Communists would probably not respond to American action by open intervention, either with regular or "volunteer" forces.

6. The introduction of US ground forces into South Vietnam only would not by itself cause Chinese Communist intervention. However, if the Viet Minh were threatened with defeat by other means, or if US ground forces moved beyond South Vietnam to threaten the Viet Minh field forces in the North, the Chinese Communist reaction would be as we have estimated above.

FOR THE BOARD OF NATIONAL ESTIMATES:



Acting Chairman

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